Policy Brief November 2013

Asset Limits: Supplemental Nutrition Assistance Program (SNAP, or Food Stamps)

The Supplemental Nutrition Assistance Program (SNAP) is the new name for The Food Stamp Program. SNAP is a core component of America's nutrition assistance safety net for 47 million Americans. SNAP benefits are funded entirely by the federal government and states are responsible for paying half of the administrative costs.

- To be eligible for SNAP: A household's monthly income must not exceed 130 percent of the poverty line or $2,115 for a three-person family in fiscal year 2013, and; a household may not exceed $2,000 in countable resources such as a bank account, or $3,000 in countable resources if at least one person is age 60 or older, or is disabled. Supplemental Security Income (SSI) or Temporary Assistance for Needy Families (TANF) resources are not accounted towards the asset limit. Most retirement (pension) plans are also excluded.[1]
- From 2007 to 2011, as the number of unemployed Americans increased by 94%, SNAP responded with a 70% increase in participation over the same period.[2] In Indiana however, there has been a 50% participation increase in the same time period—despite nearly leading the nation in increased poverty and low-income individuals.[3]
- Of the nearly one million Hoosiers in poverty, and 2.24 million below levels of economic self-sufficiency, the monthly participation rate in FY 2012 was 401,415 households (908,705 individuals).[4] Nationally, 76% of SNAP households included a child, an elderly person, or a disabled person – they receive 83% of all SNAP benefits.
- 83% of SNAP households have gross income at or below 100 percent FPG – receiving about 91% of all benefits. The average SNAP household has only $333 in assets. The average monthly SNAP benefit per person is $133.85, or less than $1.50 per person, per meal. Only 57% of food insecure individuals are income-eligible for SNAP.[5]
- The SNAP asset limit that is equal to 42% of the asset poverty level. Indiana is among just ten states with a SNAP asset limit that is below the asset poverty level for a family of three - $4773. [6,7]

> *"Moving out of poverty, achieving economic self-sufficiency and the subsequent accumulation of assets can be considered three rungs of a family's financial stability. Owning assets and economic security go hand-in-hand."*
> -IIWF Asset Poverty Policy Brief –

Eliminate the SNAP Asset Test: Encouraging Self-Sufficiency & Administrative Efficiency

1. Promote savings and encourage families to develop behaviors that lead to self-sufficiency.
2. Increase government efficiency with substantial savings for taxpayers.

[1] Indiana Institute for Working Families. Policy Brief. SNAP: http://bit.ly/10QtHFl
[2] Feeding America. *SNAP (Food Stamps): Facts, Myth and Realities:* *http://bit.ly/IRDdw2*
[3] Indiana Institute for Working Families. April, 2012. *Status of Working Families Report, 2011*: http://bit.ly/I93Taj
[4] U.S. Department of Agriculture. Food and Nutrition Service. Program Data: http://1.usa.gov/doK1sw
[5] Feeding America. *SNAP (Food Stamps): Facts, Myth and Realities:* *http://bit.ly/IRDdw2*
[6] See Indiana's own Asset and Opportunity Network for more information on asset poverty in Indiana: http://bit.ly/11WtoVT
[7] New America Foundation. Modernizing Asset Limits. Asset Limit in Your State: http://bit.ly/18dXux1
Asset poverty measures a family's financial vulnerability to economic shocks—if one's income was suddenly cut off due to unemployment, a medical emergency, or even divorce. A household is asset poor if it has insufficient net worth to stay above the FPG for three months if its income were to cease. See Indiana's own Asset and Opportunity Network for more on asset poverty in Indiana: http://bit.ly/11WtoVT

Encouraging Self Sufficiency:

- Asset limits send a message that saving is a behavior that warrants punishment. By eliminating the asset limit, we encourage savings and are better able to help families develop good savings behaviors.
- Asset limits force families to spend down longer-term savings in order to continue to receive SNAP benefits, which creates a cycle of reliance on those benefits.

Administrative Efficiency: [8,9]

Along with increased caseloads, the Great Recession simultaneously brought budget cuts to social service staff. Eliminating asset limits is a step in the right direction to ensure efficiencies for taxpayers through administrative savings while maximizing programmatic resources. From the New America Foundation:

- **Iowa:** "Iowa found that the direct state costs, including the state share of additional staff and administrative costs would total $702,202; meanwhile, the additional SNAP benefits plus revenue from additional state employment were expected to amount to $12.3 million. The Department also estimated that the policy changes would result in $20.6 million in increased economic activity within the state."
- **Colorado**: "The state forecasted that eliminating the TANF asset test would result in additional benefits for 44 families, at a cost of around $123,000. However, these costs would be offset by greater administrative efficiency; eliminating the asset test would save caseworkers ten to 15 minutes per "case interaction," or up to 90 minutes for the five or six interactions that typically occur."

What Can Be Done?

To raise or eliminate its SNAP asset limit, Indiana can implement broad-based categorical eligibility.[10]

- **43** other states and territories have already implemented BBCE.
- **41** states (including D.C.) have either raised or eliminated their asset limit in SNAP.
- **36** states have eliminated SNAP Asset Limits.

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[8] Black, Rachel. New America Foundation. July 2013. *Asset Limits in Public Assistance - The Case for Reform.* http://bit.ly/132CAfB Sprague
[9] Aleta and Black, Rachel. New America Foundation. October 2012. *State Asset Limit Reforms and Implications for Federal Policy*: http://bit.ly/1hQfRwk
[10] Categorical eligibility allows states the option of aligning SNAP eligibility rules for gross income and asset limits with TANF to reduce administrative costs and simplify the eligibility determination process. While three-fourths of SNAP households were categorically eligible, almost all would also have been eligible for SNAP under standard rules. Most states that have implemented BBCE have chosen to lift their SNAP asset tests entirely. Furthermore, states can eliminate vehicles from their SNAP asset limits either through BBCE or by aligning their vehicle policy with another program. Most states now exclude all vehicles from their SNAP asset limit. Elimination of BBCE in the ongoing Farm Bill negotiations would eliminate eligibility for two to three million low-income people and increase the administrative burden on millions more. In Indiana, BBCE is in ARTICLE 6. FOOD STAMP PROGRAM. Rule 0.5. Definitions. 470 IAC 6-0.5-1 Food stamp terms defined. Indiana currently has a combined application with SNAP, TANF and Medicaid, that asks about SNAP resources.